

# **Village of Harrietta**

Wexford County, Michigan

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Audited Financial Statements

December 31, 2006

Jay Thiebaut, P.C.  
Certified Public Accountant  
Cadillac, Michigan

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 141 of 1997, as amended.

JUN 13 2007

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF HARRIETTA	County WEXFORD
Fiscal Year End DECEMBER 31, 2006	Opinion Date MAY 24, 2007	Date Audit Report Submitted to State MAY 31, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


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**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) JAY THIEBAUT PC CPA		Telephone Number (231) 775-0174	
Street Address 222 HOWARD ST., PO BOX 807		City CADILLAC	State MI
Zip 49601			
Authorizing CPA Signature 	Printed Name JAY THIEBAUT	License Number 8987	

**Village of Harrietta**  
**Wexford County, Michigan**  
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**Village of Harrietta  
Wexford County, Michigan  
Officers and Council Members  
December 31, 2006**

President

Lorne Haase

Clerk

Judy Wing

Treasurer

Carol Haase

Council

Julia Macek

Council

Laura Shetenhelm

Council

Keith Wing

Council

Daniel Boehle

Council

Nella Kerzich

Council

Russ Hemstreet

Street Commissioner

Lorne Haase

**Jay Thiebaut, P.C.**

Certified Public Accountant

P.O. Box 807

Cadillac, Michigan 49601

Telephone 231-775-0174

**INDEPENDENT AUDITOR'S REPORT**

To the Village Council  
Village of Harrietta  
Wexford County, Michigan

I have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Harrietta as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village of Harrietta, as of December 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information identified in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Village Council  
Village of Harrietta  
Page 2

The Village has not presented the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.



Jay Thiebaut P.C.  
Certified Public Accountant  
May 24, 2007

## **Basic Financial Statements**

**Village of Harrietta**  
**Wexford County, Michigan**  
**Statement of Net Assets**  
**December 31, 2006**

	<u>Govermental Activities</u>
<b>Assets</b>	
Current assets	
Cash	\$ 97,591
Capital assets, net	<u>114,388</u>
<b>Total assets</b>	<b><u>\$ 211,979</u></b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	<u>\$ 1,082</u>
<b>Net assets</b>	
Investment in capital assets	114,388
Unrestricted	<u>96,509</u>
Total net assets	<u>210,897</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 211,979</u></b>

See notes to financial statements.



**Village of Harrietta**  
**Wexford County, Michigan**  
**Statement of Activities**  
**Year Ended December 31, 2006**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets
<b>Governmental activities</b>	
General government	\$ 34,014
Public safety	3,100
Public works	23,924
<b>Total governmental activities</b>	<b>61,038</b>
<b>General revenues</b>	
Taxes	12,719
State sources	41,441
Interest	2,257
Other	8,049
<b>Total general revenues</b>	<b>64,466</b>
<b>Changes in net assets</b>	<b>(3,428)</b>
<b>Net assets-beginning of year</b>	<b>214,326</b>
<b>Net assets-end of year</b>	<b>\$ 210,897</b>

See notes to financial statements.

**Village of Harrietta**  
**Wexford County, Michigan**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**

	General	Major Street	Local Street	Total Governmental
<b>Assets</b>				
Cash	\$ 43,143	\$ 40,092	\$ 14,356	\$ 97,591
Due from other funds	<u>212</u>	<u>-</u>	<u>-</u>	<u>212</u>
<b>Total assets</b>	<b><u>\$ 43,355</u></b>	<b><u>\$ 40,092</u></b>	<b><u>\$ 14,356</u></b>	<b><u>\$ 97,803</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 1,082	\$ -	\$ -	\$ 1,082
Due to other funds	<u>-</u>	<u>104</u>	<u>108</u>	<u>212</u>
<b>Total liabilities</b>	<u>1,082</u>	<u>104</u>	<u>108</u>	<u>1,294</u>
<b>Fund balances</b>				
Unreserved and undesignated	<u>42,272</u>	<u>39,988</u>	<u>14,249</u>	<u>96,509</u>
<b>Total liabilities and fund equity</b>	<b><u>\$ 43,354</u></b>	<b><u>\$ 40,092</u></b>	<b><u>\$ 14,357</u></b>	<b><u>\$ 97,803</u></b>

See notes to financial statements.

**Village of Harrietta**  
**Wexford County, Michigan**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to Net Assets of Governmental Activities**  
**December 31, 2006**

<b>Total fund balances for governmental funds</b>	<b>\$ 96,509</b>
Total net assets for governmentntal activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>114,388</u>
<b>Net assets of governmental funds</b>	<b><u>\$ 210,897</u></b>

See notes to financial statements.

**Village of Harrietta**  
**Wexford County, Michigan**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended December 31, 2006**

	General	Major Street	Local Street	Totals Governmental Funds
<b>Revenues</b>				
Taxes	\$ 12,719	\$ -	\$ -	\$ 12,719
State sources	13,671	19,714	8,056	41,441
Interest	1,229	902	126	2,257
Other	8,049	-	-	8,049
<b>Total revenues</b>	<b>35,668</b>	<b>20,616</b>	<b>8,182</b>	<b>64,466</b>
<b>Expenditures</b>				
General government				
Council	15,371	-	-	15,371
President	1,849	-	-	1,849
Clerk	2,977	-	-	2,977
Treasurer	2,618	-	-	2,618
Buildings and grounds	9,007	-	-	9,007
Public safety	3,100	-	-	3,100
Public works	4,971	24,707	26,743	56,421
<b>Total expenditures</b>	<b>39,893</b>	<b>24,707</b>	<b>26,743</b>	<b>91,343</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(4,225)</b>	<b>(4,091)</b>	<b>(18,561)</b>	<b>(26,877)</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	4,929	4,929
Operating transfers out	-	(4,929)	-	(4,929)
<b>Total other financing sources ( uses)</b>	<b>-</b>	<b>(4,929)</b>	<b>4,929</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(4,225)</b>	<b>(9,020)</b>	<b>(13,632)</b>	<b>(26,877)</b>
Fund balances-beginning of year	46,497	49,008	27,881	123,386
<b>Fund balances-end of year</b>	<b>\$ 42,272</b>	<b>\$ 39,988</b>	<b>\$ 14,249</b>	<b>\$ 96,509</b>

See notes to financial statements.

**Village of Harrietta**  
**Wexford County, Michigan**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended December 31, 2006**

<b>Net changes in fund balances-total governmental funds</b>	<b>\$ (26,877)</b>
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Total change in net assets reported for government activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	36,802
Depreciation expense	<u>(6,497)</u>

<b>Changes in net assets of governmental activities</b>	<b><u>\$ (3,428)</u></b>
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**Village of Harrietta**  
**Wexford County, Michigan**  
**Notes to Financial Statements**  
**December 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Village of Harrietta conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant policies used by the Village:

**Reporting Entity**

Village of Harrietta ("the Village") is a municipal entity governed by an elected Council. The Village, for financial purposes, includes all of the funds relevant to the operations of the Village of Harrietta. The financial statements herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the Village of Harrietta.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (when applicable) even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Village of Harrietta**  
**Wexford County, Michigan**  
**Notes to Financial Statements**  
**December 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as well expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for revenue and expenditures for the roads classified as major streets by the Michigan Department of Transportation.

The Local Street Fund accounts for revenue and expenditures for the roads classified as local streets by the Michigan Department of Transportation.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Government Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes.

**Village of Harrietta**  
**Wexford County, Michigan**  
**Notes to Financial Statements**  
**December 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted assets first, then unrestricted resources as they are needed.

**Assets, liabilities, and net assets or equity**

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with a maturity of three months or less when acquired. Deposits are recorded at cost.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and any business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are collected from July 1 to September 15. After this time, the taxes become delinquent and must be paid at the County Treasurer's office. The county pays the Village for uncollected taxes from the revolving tax fund. Personal property taxes are the responsibility of the Village to collect. The current tax levy is 5 mills on real and personal property.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated cost, if purchased or constructed. The reported value does not include normal maintenance and repairs which do not increase the capacity of or extend the useful life of the asset. In the case of donated assets, the government values the assets at estimated fair value of the assets as of the date of the donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Furniture & Equipment	5 to 10 years
Roads & streets	10 to 40 years

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance (when applicable) for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of fund balance represent management plans that are subject to change.



**Village of Harrietta**  
**Wexford County, Michigan**  
**Notes to Financial Statements**  
**December 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

**NOTE 2 – STEWARDHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary information**

The Village follows these budgeting procedures that are in accordance with Michigan Statutes. Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

1. Budgets are adopted for the General Fund and all Special Revenue Funds.
2. Budget appropriations are adopted before the beginning of each fiscal year.
3. Both budgeted and actual financial results cannot incur a deficit (including an available un-reserved surplus).
4. Amendments to the budget are made prior to over expenditures and before the fiscal year end.
5. Budgetary control is exercised at the activity level. The clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity require the approval of the Village council.

The Village does not use encumbrances. Budget appropriations are considered to be spent when goods are received or services rendered.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91 authorizes the Village to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office located in Michigan. Local units are allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. Also, United States government or federal agency obligations; reverse repurchase agreements, bankers acceptance of United States Banks, commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase, obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade, and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

**Village of Harrietta**  
**Wexford County, Michigan**  
**Notes to Financial Statements**  
**December 31, 2006**

**NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

The Village Council has authorized cash and cash equivalents to be in federally insured depository institutions. These cash accounts can be checking, savings, money markets, or certificates of deposit with original maturities of three months or less. Additionally, the Village Council specifically authorizes each depository institution.

At December 31, 2006, all cash and cash equivalents were on deposit with federally insured depository institutions. The bank balance was \$97,591 as of December 31, 2006, all of which was covered by federal depository insurance.

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity of the primary government for the current year is as follows:

	Balance 01-01-06	Additions	Balance 12-31-06
Land	\$ 5,425	\$ -	\$ 5,425
Buildings and improvements	90,206	-	90,206
Furniture and equipment	10,285	1,338	11,623
Roads & streets	59,341	35,464	94,805
Total depreciable assets	165,257	36,802	202,059
Less accumulated depreciation	(81,174)	(6,497)	(87,671)
Capital assets, net	<u>\$ 84,083</u>	<u>\$ 30,305</u>	<u>\$ 114,388</u>

Depreciation Expense - Governmental Activities:

General Government	\$ 3,530
Public Works	2,967
Total depreciation expense	<u>\$ 6,497</u>

**NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

Michigan Statutes provides that a Village shall not incur expenditures in excess of the amount appropriated.

The unfavorable variances as shown on the Budgetary Comparison Schedules for the General Fund, Major Street Fund and Local Street Fund are not considered material violations as described in Michigan Statute due to the conditions and events that gave rise to these variances and the adequacy of the budgetary system.

**Village of Harrietta**  
**Wexford County, Michigan**  
**Notes to Financial Statements**  
**December 31, 2006**

**NOTE 5 – RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2006, the Village carried commercial insurance to cover all risks of losses. The Village had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Balances at December 31, 2006, were:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General fund		
Major street fund	\$ 104	\$ -
Local street fund	108	-
Major street fund		
General fund	-	104
Local street fund		
General fund	-	108
Totals	<u>\$ 212</u>	<u>\$ 212</u>

**NOTE 7- INTERFUND TRANSFERS**

A summary of operating transfers in and out of individual funds is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Local Street Fund	\$ 4,929	\$ -
Major Street Fund	-	4,929
Total government	<u>\$ 4,929</u>	<u>\$ 4,929</u>

Transfers are used by the Village to move a portion of the Major Street Fund's state revenue sharing to the Local Street Fund in accordance with certain provisions of Public Act 51.

## **Required Supplementary Information**

**Village of Harrietta**  
**Wexford County, Michigan**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended December 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 10,800	\$ 10,800	\$ 12,719	\$ 1,919
State sources	13,000	13,000	13,671	671
Interest	500	500	1,229	729
Other	6,375	6,375	8,049	1,674
<b>Total revenues</b>	<b>30,675</b>	<b>30,675</b>	<b>35,668</b>	<b>4,993</b>
<b>Expenditures</b>				
General government				
Council	24,100	24,100	15,371	8,729
President	1,840	1,840	1,849	(9)
Clerk	2,620	2,620	2,977	(357)
Treasurer	2,620	2,620	2,618	2
Building and grounds	8,200	8,200	9,007	(807)
Public safety	3,000	3,000	3,100	(100)
Public works	4,500	4,500	4,971	(471)
<b>Total expenditures</b>	<b>46,880</b>	<b>46,880</b>	<b>39,893</b>	<b>6,987</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (16,205)</b>	<b>\$ (16,205)</b>	<b>(4,225)</b>	<b>\$ 11,980</b>
Fund balances-beginning of year			46,497	
<b>Fund balances-end of year</b>			<b>\$ 42,272</b>	

**Village of Harrietta**  
**Wexford County, Michigan**  
**Budgetary Comparison Schedule**  
**Major Street Fund**  
**Year Ended December 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State sources	\$ 18,000	\$ 18,000	\$ 19,714	\$ 1,714
Interest	500	500	902	402
<b>Total revenues</b>	<b>18,500</b>	<b>18,500</b>	<b>20,616</b>	<b>2,116</b>
<b>Expenditures</b>				
Public works	26,995	26,995	24,707	2,288
<b>Excess of revenues over (under) expenditures</b>	<b>(8,495)</b>	<b>(8,495)</b>	<b>(4,091)</b>	<b>4,404</b>
<b>Other financing sources (uses)</b>				
Operating transfers out	5,500	5,500	4,929	571
<b>Total other financing sources (uses)</b>	<b>5,500</b>	<b>5,500</b>	<b>4,929</b>	<b>571</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other uses</b>	<b>\$ (13,995)</b>	<b>\$ (13,995)</b>	<b>(9,020)</b>	<b>\$ 4,975</b>
Fund balances-beginning of year			49,008	
<b>Fund balances-end of year</b>			<b>\$ 39,988</b>	

**Village of Harrietta**  
**Wexford County, Michigan**  
**Budgetary Comparison Schedule**  
**Local Street Fund**  
**Year Ended December 31, 2006**

	Budgeted Amounts			Variance with Final Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
State sources	\$ 7,000	\$ 7,000	\$ 8,056	\$ 1,056
Interest	120	120	126	6
<b>Total revenues</b>	<b>7,120</b>	<b>7,120</b>	<b>8,182</b>	<b>1,062</b>
<b>Expenditures</b>				
Public works	30,225	30,225	26,743	3,482
<b>Excess of revenues over (under) expenditures</b>	<b>(23,105)</b>	<b>(23,105)</b>	<b>(18,561)</b>	<b>4,544</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	5,500	5,500	4,929	(571)
<b>Excess of revenues and other financing sources over (under) expenditures and other uses</b>	<b>\$ (17,605)</b>	<b>\$ (17,605)</b>	<b>(13,632)</b>	<b>\$ 3,973</b>
Fund balances-beginning of year			27,881	
<b>Fund balances-end of year</b>			<b>\$ 14,249</b>	

**JAY THIEBAUT, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

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To the Members of the Village Council  
Village of Harrietta  
Wexford County, Michigan

In planning and performing my audit of the financial statements of the Village of Harrietta as of and for the year ended December 31, 2006, in accordance with audit standards generally accepted in the United States of America, I considered the Village of Harrietta's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, I do not express an opinion on the effectiveness of the governmental unit's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the following deficiency to be a significant deficiency in internal control.

1. The version of software used for preparation of the accounting information needs to be updated to allow transfer of information to the auditor.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. I believe that the following deficiencies constitute material weaknesses:

1. Ledger spreadsheets did not properly total, both on individual sheets and on year to date totals.
2. Receipt numbers must be listed on the spreadsheets for all receipts. Receipt items were shown without corresponding receipt numbers.



This report is intended solely for the information and use of the Village Council, management and others within the administration, and Department of Treasury, Local Audit Division of the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jay Thiebaut", with a stylized flourish at the end.

Jay Thiebaut, P.C.

Certified Public Accountant

May 24, 2007